

New
Specification



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2010

Business Studies

Assessment Unit AS 2

assessing

Managing Business Resources

[AT121]

THURSDAY 21 JANUARY, AFTERNOON



AT121

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in question 1 parts (d) and (e) and question 2 parts (d) and (e).

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the available examination time.

1 Study the information below and answer the questions that follow:

British Petroleum (BP plc)

British Petroleum, which is also known as BP plc, is the third largest energy company in the world, employing over 96 000 people in 100 countries. The organisation provides its customers with fuel for transportation, energy for heat and light, retail services and petrochemical products for everyday items.

In 2007, Tony Hayward became responsible for the organisation and immediately attacked BP plc's previous practices, stating that its authoritarian leadership style was inappropriate. As a result, BP plc has now set out the qualities and behaviours that leaders and managers should aim for.

Since 2007, restructuring and de-layering have also taken place within the organisation. This has reduced staff numbers and a variety of methods have been used to develop existing employees. Every employee is encouraged to complete at least five training days per year and specific training and development activities are compulsory for some groups. BP plc also encourages employees to stay longer in their roles and to develop expertise in particular disciplines. The organisation has improved internal recruitment processes to support this, and there is greater line manager involvement in career development.

BP plc takes a long-term approach to maintaining employment. Succession planning processes are in place which help to assess the current and future strengths of the workforce. BP plc believes that new employees are also crucial to this process and as a result they are offered a comprehensive induction programme. This programme provides an overview of BP plc, explaining how it works and how employees can contribute to its success.

*Adapted from BBC NEWS: <http://news.bbc.co.uk/go/pr/fr/-/1/hi/business/6257149.stm>. Published: 2007/01/12
Top IT Employers, CRF, 2008.*

- (a) Explain what is meant by the term succession planning. Illustrate your answer using an example from the case study. [4]
- (b) Explain what Tony Hayward means by an authoritarian leadership style. [4]
- (c) Analyse the benefits to BP plc of providing a comprehensive induction programme for its new employees. [8]
- (d) Discuss the implications of de-layering for a firm such as BP plc. [12]
- (e) Evaluate the effectiveness of using financial incentives for an organisation such as BP plc. [12]

2 Study the information below and answer the questions that follow:

Homegrown

John Moore recently set up a small business called Homegrown, preparing and packing locally grown vegetables. He employs 2 full-time workers and a student on a part-time basis.

Before he began trading, John drew up a cash flow forecast for his first 6 months of trading.

Unfortunately, a computer virus resulted in the loss of some data from his forecast, as shown in **Table 1**.

Table 1: Cash flow Forecast for Homegrown

	January £	February £	March £	April £	May £	June £
Receipts						
Sales	10000	10000	10000	10000	10000	10000
Payments						
Rent	3000	3000	3000	3000	3000	3000
Raw materials	1000	1000	1000	1000	1000	1000
Wages	2500	2500	2500	2500	2500	2500
Rates	5000	0	0	5000	0	0
Electricity	0	0	500	0	0	500
Total payments	(i) ?	6500	7000	11500	6500	7000
Net cash flow	(1500)	3500	3000	(ii) ?	3500	3000
Opening balance	3500	2000	5500	8500	7000	10500
Closing balance	2000	5500	8500	(iii) ?	10500	(iv) ?

Over the first six months of trading, John discovered that the actual values for sales, raw materials and wages were different from the values that he had forecasted. He was concerned about these differences and has decided to carry out variance analysis. John has also become aware of the need to motivate his workers.

(a) Explain **two** reasons why John should draw up a cash flow forecast for Homegrown. [4]

(b) Calculate the following for Homegrown:

(i) The total payments for January

(ii) The net cash flow for April

(iii) The closing balance for April

(iv) The closing balance for June [4]

- (c) Analyse possible reasons for the variances that have occurred in Homegrown. [8]
- (d) Discuss the advantages and disadvantages to John of using variance analysis within Homegrown. [12]
- (e) Evaluate the usefulness of motivational theories to a business such as Homegrown. [12]

THIS IS THE END OF THE QUESTION PAPER
